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19 December 1958

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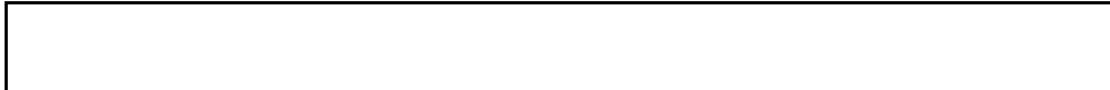
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CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO. 15
NO CHANGE IN CLASS. X
1 DECLASSIFIED
CLASS. CHANGED TO: TS
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
DATE: 4488 REVIEWER: [Redacted]

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State Dept. review completed

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Approved For Release 2002/09/04 : CIA-RDP79T00975A004200150001-8

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DAILY BRIEF

I. THE COMMUNIST BLOC

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Communist China: Peiping's resolution on the commune program indicates that the regime intends generally to carry out its program along the broad lines laid down in August, but the Communists recognize many practical problems have arisen in trying to put their policy into effect. The resolution emphasizes differences between rural and urban areas and says that, except for preparatory work, the establishment of communes in large cities should be postponed for the time being. Reflecting a sensitivity to Soviet disapproval of Chinese statements implying that "Communism" was close at hand, the resolution warns against "utopian" dreams and declares that the task of building socialism--a necessary transition to Communism--will take some time.

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II. ASIA-AFRICA

NO

Jordan: Prime Minister Rifai says King Husayn is again seriously concerned about Jordan's immediate economic difficulties. The UAR has continued to obstruct Jordanian transit trade; the Iraqi regime has prohibited the export of sheep to Jordan; and an acute oil shortage appears imminent. Husayn intends to take his complaints to Hammarskjold. Jordan can also be expected to use its grievances to press for continued American financial aid.

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NO

Sudan: The Abboud government has renewed an invitation issued by former Prime Minister Khalil for the visit of a Soviet economic delegation. In view of its continuing inability to market its cotton crop, the Sudanese Government may seek to conclude large-scale barter arrangements. Small barter agreements have already been signed with Bulgaria, Hungary, and Communist China.

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NO

Iran-Iraq: the Iranian Senate underscored Iran's growing concern over developments in Iraq. The Senate unanimously agreed that should "Iraq go Communist or Nasirite, Iran would be justified in using force."

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Burma: Premier Ne Win has notified Soviet representatives in Rangoon that they must complete their "gift" projects free of charge or leave. The previous Burmese Government, which had accepted these projects, had insisted on

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repaying the USSR in rice. Ne Win has also terminated contracts with two American advisory firms. These actions underscore Ne Win's determination to cut government spending by a policy of accepting only grant aid, whatever the source.

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III. THE WEST

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Guatemala: The 7 December mayoral election in Guatemala City, which was won by the leftist but non-Communist Revolutionary party, has been nullified by the national electoral tribunal on a legal technicality. This action, apparently the result of pressure by extreme rightist groups, widens the cleavage between the political left and right and could lead to factional clashes weakening the stability of President Ydigoras' government.

IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

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National Intelligence Estimate No. 54-2-58. The Outlook for Political Stability in Ceylon. 9 December 1958.

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National Intelligence Estimate No. 80-90-58. Latin American Attitudes Toward the United States. 12 December 1958.

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Chinese Communist Resolution on Commune Program

Peiping's resolution on the commune program issued on 18 December indicates that the regime intends to carry out communalization along lines laid down by the politburo in August but is encountering practical problems. The communes will continue to feature mass feeding and housing, nurseries, boarding schools and old-age homes, but the regime has softened some of the more objectionable aspects of communal living.

The resolution chides certain cadres who have been "over-eager" in carrying out the communal program and lays down fairly detailed lines for their future guidance. It emphasizes the need to avoid dampening the "labor enthusiasm" of commune members. To this end it expresses the hope that wages rather than "free supply" will be the major form of recompense and that 90 percent of the members will get yearly increases. Provision is also made to ensure adequate sleep and time to eat. Private property--clothing, bedding, and furniture--is to remain inviolable, as are personal savings.

The resolution's references to urban communes tend to confirm earlier evidence that this phase of the movement had caused concern and confusion in the larger cities. The resolution emphasizes the differences between rural and urban areas, and admits that "bourgeois ideology" is still prevalent in the large cities. Except for necessary preparatory work, the establishment of urban communes on a large scale is to be postponed until the misgivings of "skeptics and doubters" have been overcome.

Reflecting Peiping's sensitivity to Soviet disapproval of Chinese statements implying that Communism is close at hand, the resolution warns against the "utopian dream of skipping the Socialist stage" and declares that the "building of Socialism" alone will take "15, 20, or more years." It specifically denied that communalization is to be equated with the change from

Socialism to Communism and stresses that without a "high degree" of industrialization and mechanized and electrified agriculture it is "impossible" to talk about Communism. Implications that the communes might have significance beyond China are avoided.

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Developments in Jordan

Jordan's shaky economy may be further disrupted by continuing UAR economic warfare, a new Iraqi ban on export of sheep to Jordan, the aftermath of drought and locust infestation, and an acute oil shortage.

The UAR refusal to permit passage of Jordanian oil tank trucks through Syria from Lebanon has been in force since the civil war in Lebanon late last spring, despite UAR endorsement of the UN General Assembly's Middle East resolution of 21 August. In November, Syria imposed prohibitive transit fees on passage of Jordanian trucks hauling phosphate, Jordan's principal export, to Lebanon; this week Syria passed a new regulation requiring all goods arriving at Latakia to be carried to the Jordanian border in Syrian vehicles manned by Syrian drivers.

Jordan's present oil shortage derives not only from the Syrian blockade, but from mismanagement of the importation of oil through the Gulf of Aqaba. Amman appears to be attempting to exploit its serious and chronic economic problems to develop arguments for continued American financial assistance. The government also insists that it will be unable to meet the army payroll due on 27 December unless it draws on reserve funds or obtains more budgetary support from the United States.

Although the UAR economic pressure has been in effect for several months, the Jordanian Government has been slow to present complaints to the UN "ambassador" in Amman, who has been charged with implementation of the August UN resolution. Information provided by Amman in support of such complaints has been inadequate to support UN action. Jordan's Premier Rifai on 15 December described King Husayn as "furious" over the latest Syrian move, and again threatening to take retaliatory action against Syria. Rifai said that when UN Secretary General Hammarskjold visits Amman about 3 January, Jordan will ask that the UN establish offices in

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Damascus and Beirut or withdraw from Amman. In view of probable new pressure from Hammarskjold, it is possible that the UAR might lift the physical restriction on passage of Jordanian vehicles, but continue to obstruct traffic through high taxation and other recent administrative measures.

On 16 December the Jordanian legislature authorized Premier Rifai, in his capacity as defense minister, to reorganize the Jordanian armed forces. Rifai's plan to curtail the power of the potent officer faction from the Bani Sakhir tribe may provoke this group into intrigue against the government.

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Sudan Invites Soviet Economic Delegation

The Sudan has renewed an invitation extended to the USSR by the government of former Prime Minister Khalil to send an economic delegation to Kabul at a time of its choosing. The Sudan has been increasingly preoccupied with the problem of disposing of large stocks of long-staple cotton.

Khartoum has asked for American marketing assistance in disposing of the estimated 230,000 bales of long-staple cotton already on hand before the near-record crop of about 620,000 bales comes on the market in March. The Sudanese ambassador in Cairo has asked if the United States might assign to the Sudan a part of the Egyptian quota for long-staple sales to the United States.

Thus far the Sudan has been reluctant to enter into barter deals. However, the failure of traditional Western customers to increase their purchases has probably encouraged the government to accept a large barter deal with the USSR. Already Khartoum has bartered small quantities of cotton to Bulgaria, Hungary, and Communist China.

It is also possible that the Sudan would ask for Soviet aid in construction of a number of Nile River development projects for which it has, thus far, been unable to secure Western aid in the absence of an agreement with Egypt to share the Nile waters. Since these Nile works would intensify the Nile waters dispute with Egypt, the Soviet reaction to such a request remains problematical.

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Iran Increasingly Concerned Over Iraqi Developments

The Iranian Senate, [redacted] unanimously approved the government's use of force if Iraq should come under the dominance of either Nasir or the Communists.

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Other courses of action being studied by Iran include diversion of all irrigation waters now flowing from Iran into Iraq and closure of the common border. Iran has already tightened passport and frontier controls, and Iraq also apparently intends to seal its side of the border. Its refusal on 18 December to permit overflight by a Pan-American airliner bound from Tehran to Beirut may be a first move in this direction.

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[redacted]
To prepare the public for possible use of these measures, the Iranian prime minister has ordered the press to publish editorials urging the government to take stronger action toward Iraq.

While the Iranian Government is alarmed over the threat of a hostile Iraq armed by the Soviet Union, it may be dramatizing its position in order to reinforce its appeal for further US military and economic aid. [redacted]

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[redacted]
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Burma Disengaging Itself From Loan Obligations to USSR

Premier Ne Win [redacted] informed Soviet construction missions in Rangoon on 16 December that they must complete their "gift projects really free of charge..." or "leave." These projects, which include a hotel, hospital, and technical institute, had originally been offered to Burma free of charge by Bulganin and Khrushchev during their 1956 visit to Burma, but former Prime Minister U Nu subsequently insisted that Burma pay all local currency expenses and repay the foreign currency required in 20 annual installments of rice. The total cost of these projects was estimated to be in the neighborhood of \$50,-000,000.

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25X1- Ne Win [redacted] sent the same demand to a Soviet mission overseeing the planning and execution of six agricultural projects, at least two of which will require small Soviet credits. The Burmese Government has previously refused to extend the contracts of the 22 members of the mission, but presumably now is prepared to let them stay on if Moscow will foot the bill.

These policy decisions underscore Ne Win's impatience with his predecessors' concept of "reimbursable aid." In a conversation with Ambassador McConaughy on 15 December, Ne Win said obsession with this "idea of politicians" had saddled the Burmese Government with too many foreign loans. Moreover, in referring to the termination of the contracts of two American advisory firms earlier in the month, the Burmese premier said that Burma could ill afford to support adviser staffs or carry out their "grandiose" notions when it was in a period of economic retrenchment. He said Burma is, however, prepared to accept unconditional grant aid. [redacted]

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III. THE WEST

Annulment of Leftist Victory in Guatemala City Election May Cause Violence

The national electoral tribunal late on 17 December annulled the 7 December mayoral election in Guatemala City on a legal technicality. The candidate of the leftist but non-Communist Revolutionary party (PR) won the election.

Rightists, who had almost 60 percent of the votes but split them among three candidates, reacted bitterly to the election results, and extremists urged an attempt to oust President Ydigoras, arguing that his relatively tolerant regime was responsible for leftist gains. The election annulment may foreshadow a shift by the President toward the repressive tactics being urged on him by these extremists, and will in any case embitter the political cleavages in Guatemala. In the long run, the annulment could seriously weaken his regime.

The PR, Guatemala's strongest single political party and once a prime target for Communist infiltration and control, has just concluded a drastic purge of Communists and pro-Communists from its ranks. The adoption of repressive tactics against it now could undo the effect of the purge by seeming to support Communist contentions that all leftist elements must unite.

The government may feel compelled to decree a form of martial law to deal with the violent demonstrations and counterdemonstrations which may be provoked by invalidation of the election. [redacted]

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Scientific Adviser to the President

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Special Assistant for Foreign Economic Policy

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The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

The Deputy Under Secretary for Political Affairs

The Deputy Under Secretary for Administration

The Counselor

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The Director of Intelligence and Research

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The Deputy Secretary of Defense

The Secretary of the Army

The Secretary of the Navy

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Commandant, United States Marine Corps

The Director, The Joint Staff

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Assistant to Secretary of Defense for Special Operations

Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of the Army

Director of Naval Intelligence, Department of the Navy

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